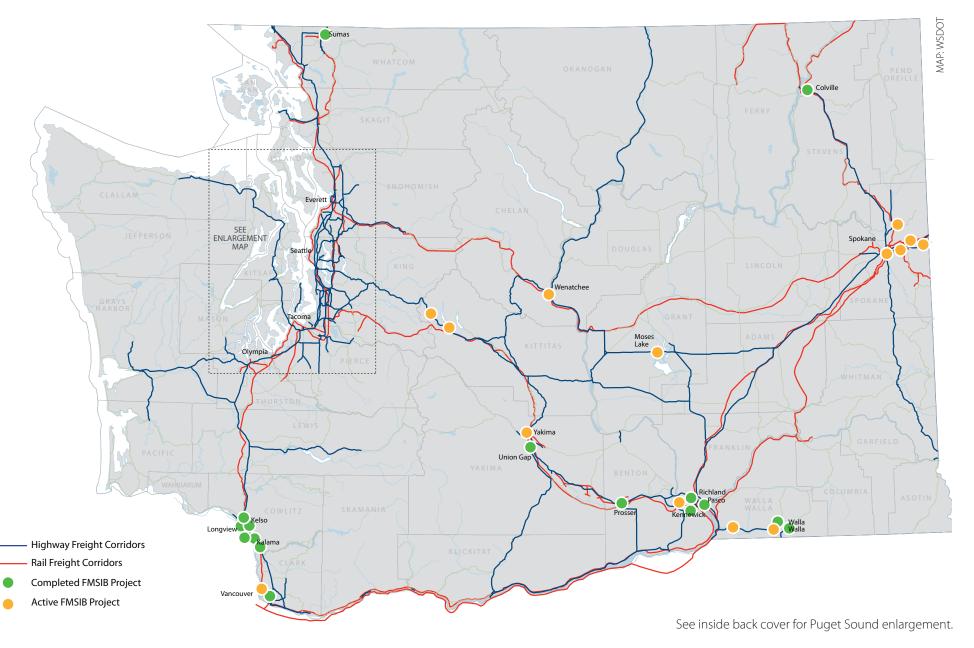


Washington's Strategic Freight Corridors, 2008



State of Washington Freight Mobility Strategic Investment Board 2008 Annual Report

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Citizen Representative

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retired, Westwood Shipping Lines Steamship Representative

John Creighton

commission president, Port of Seattle Port Districts Representative

Dave Edler

mayor, City of Yakima City Representative

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director of government affairs, BNSF Railway Railroad Representative

Rebecca Francik

council member, City of Pasco *City Representative*

Dave Gossett

council member, Snohomish County Council County Representative

Paula Hammond

secretary of transportation
Washington State Department of Transportation Representative

Steve Holtgeerts

president, Hogland Transfer Company, Inc. *Trucking Representative*

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Jill Satran

policy adviser, Office of Financial Management *Governor's Representative*

Jim Toomey

executive director, Port of Pasco Port Districts Representative

Brian Ziegler

director of public works and utilities, Pierce County County Representative

FMSIB Staff

Karen Schmidt

executive director

Marsha Gehring and Donna Veley

confidential secretary (shared position)

Our Mission and Goals



FMSIB Mission

The mission of the Freight Mobility Strategic Investment Board is to create a comprehensive and coordinated state program to facilitate freight movement between and among local, national and international markets, which enhances trade opportunities. The Board also is charged with finding solutions that lessen the impact of the movement of freight on local communities.

Washington's economy is very dependent upon trade and reliant on our ability to compete in a global economy. To remain competitive we need to move our products and goods efficiently. The State's economic competitiveness depends on the efficiency of the multimodal transportation system for the movement of freight.

The Board will propose policies, projects, corridors and funding to the Legislature to promote strategic investments in a statewide freight mobility transportation system. The Board will also propose projects that soften the impact of freight movement on local communities.

FMSIB Goals

Optimize freight mobility by reducing barriers on Washington's strategic freight corridors.

Assist jurisdictions in lessening the impact of freight moving through their communities.

Take a leadership role in informing the public regarding freight mobility transportation needs and issues.

Cooperate and coordinate with public and private transportation partners to find cost effective solutions.

FMSIB's project evaluation criteria are a national model for the selection and prioritization of freight mobility projects.

Executive Summary

Thirty-five freight-mobility projects, valued at over \$280 million, have been brought to completion through the assistance of the Freight Mobility Strategic Investment Board (FMSIB). These infrastructure projects, which ease chokepoints, open bottlenecks, and otherwise keep freight flowing smoothly to and through Washington State, are the legacy of ten years of creative partnerships, flexible fund programming, and a fund-leveraging ratio of 5 to 1. These projects have helped to keep freight on the move, ensure that Washington's trade-dependent economy remains globally competitive, and helped to provide—and retain—many of the jobs that keep our state strong and healthy.

Washington's Economy Depends on Trade

It has often been said that Washington state is the most trade-dependent state in the country. Trade-related jobs, estimated to account for one in three jobs in Washington, are family wage jobs. This is not just empty talk — Washington has consistently ranked in the top five states in exports, and was fourth in 2007. In 2006, the Seattle-Tacoma-Everett-Bellevue metropolitan area had the fourth highest value of exports of all U. S. metropolitan areas, with exports accounting for over 25% of gross domestic product.

Freight Relies on FMSIB

Such a critical dependence upon trade makes it essential that freight moves smoothly, quickly, and at good value for ports and freight carriers in Washington, in order to keep our trade—and freight—dependent economy competitive with other states, regions, and nations.

Helping to build a highly efficient multimodal transportation network in order to remain competitive in the world market has been FMISB's key role in our state's economy. Since 1998, FMSIB has been the only statewide agency to focus solely on freight movement.

Every one dollar of capital funding invested by FMSIB leverages five dollars in partner funding.

Ten Years of Successful Infrastructure Partnerships

Por the past ten years, FMSIB has been building infrastructure to keep Washington's freight moving. Along Washington's network of strategic highway and rail freight corridors, 77 FMSIB projects (35 completed and 42 active) have been critical to maintaining this network.

By partnering with cities, counties, maritime shippers, ports, railroads, the trucking industry, and other state agencies, FMSIB has not only leveraged five times its contribution to infrastructure projects, but it has ensured that only the highest-priority projects get built. A project-ranking process that is a national model, and a true voice from each of these partners, ensures a fair, credible project selection process, as well as projects that minimize impacts upon partner communities.

Fund flexibility keeps projects advancing quickly; if projects are not ready to go to construction within a year of receipt of funding, it is possible to move funds to another ready project.

Four FMSIB-funded projects were completed in 2008, and five others are breaking ground in 2008-09. An additional 42 projects are in various phases of development or construction.

A High-Performing, Low-Cost Agency

The FMSIB program has maximized the state's investment, advanced projects as quickly as possible, and kept programming nimble and flexible within the funding provided, in order to achieve these results. All of this has been done for a decade without an increase in staff. The Board believes that a sustained freight-mobility program requires additional dedicated funding to address emerging needs and to sustain the level of excellence in program delivery that has characterized FMSIB for the past decade.

Washington's Economy Depends on Trade

Freight & the Economy FMSIB's Role

Trade, and specifically exports, continues to provide a rare bright spot in an otherwise gloomy economy, creating trade hotspots across our state, and becoming a key to local prosperity. Washington has consistently ranked in the top five states in exports during the last decade and was listed as fourth in 2007. In 2006, the Seattle-Tacoma-Everett-Bellevue metropolitan area had the fourth highest value of exports of all U. S. metropolitan areas, moving up one spot from 2005. Exports' share of gross domestic product for the central Puget Sound region, 25.9%, was the eighth highest in the nation.

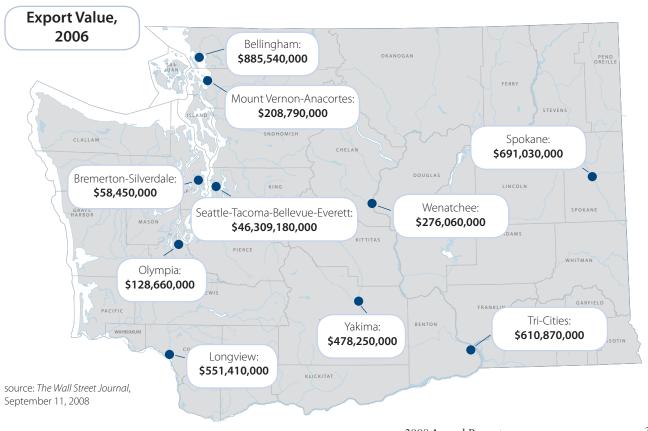
Though Washington's trade economy is strong, our container ports face especially stiff competition from other ports around the nation and elsewhere in North America. Canada is investing \$1 billion in port and rail infrastructure as part of its Asia gateway initiative, and ports in the Southeastern U.S., such as Savannah, are also gearing up for huge increases in business

in anticipation of the Panama Canal third berth expansion, due to be complete by 2014.

Mexico is also jumping on the bandwagon, with large new investments at its ports in Manzanilla, Lázaro Cárdenas, and a brand new \$4 billion container port at Punto Colonet on the Baja peninsula.

"Washington state is the most trade dependent state in the country. International trade matters tremendously to each and every region of my state and to every sector of our economy. Trade jobs—estimated to be one in three jobs in Washington state—are good family wage jobs in my state."

— U. S. Senator Patty Murray



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Washington Competes with the World

Freight & the Economy FMSIB's Role

Washington's ports have an advantage over other U.S. West Coast ports, due to both time and cost factors. Fees are higher at Los Angeles and Long Beach, and Washington's ports are one day closer than California to major Asian gateways. However, harbor maintenance taxes and other fees create disincentives for U.S. ports, compared to those in Canada and Mexico. Further, new investment in Vancouver Deltaport and Prince Rupert, both in British Columbia, means that Washington's ports will be required to be nimble and flexible in order to continue to attract shippers.

The brand-new 59-acre **Prince Rupert** container terminal has the capacity to move 500,000 TEUs per year. It is designed to handle a large concentration of intermodal rail business. At 54° latitude, the Port of Prince Rupert is North America's closest port to key Asian markets. A second container terminal, now in its design stages, has Prince Rupert on course to handle up to 5 million TEUs by 2020.

The third berth project will increase capacity at **Vancouver's Deltaport** by approximately 450,000 TEUs. DP3 is under construction and will be completed in late 2009.

A megaproject underway since 2007 will double the capacity of the **Panama Canal** by 2014. The project will deepen the navigation channels, and create a new lane of traffic along the Canal by constructing a third set of locks.

The **Port of Savannah** is now the fourth-busiest and fastest-growing container terminal in the United States. In the past five years, its container traffic has jumped 55%. In anticipation of future growth and Panama Canal expansion, the Georgia Ports Authority will invest \$1.2 billion over the next decade to expand the port, including the addition of 25 highspeed super post-Panamax container cranes.

Lázaro Cárdenas is the deepest port in Mexico, and the only port that can service a Super Panamax ship. The port, which handled 160,000 TEU in 2005, is expanding to a capacity of 2.2 million TEU annually. It connects directly to the Kansas City SmartPort via a secured rail line with no border delays.

Freight Relies on FMSIB

Freight & the Economy FMSIB's Role

At FMSIB, we are aware of the key role that the movement of freight plays in our state's trade-dependent economy. For the past ten years, the Freight Mobility Strategic Investment Board (FMSIB) has been building infrastructure to keep Washington's freight moving. Along Washington's network of strategic highway and rail freight corridors (shown inside the front and back covers), 77 FMSIB projects (35 completed and 42 active) help to keep freight moving. All of FMSIB's funded and proposed projects are located on identified strategic freight corridors throughout Washington state.

Strategic Freight Corridors

R CW 47.06A.010 defines a "strategic freight corridor" as a transportation corridor of great economic importance within an integrated freight system that:

- (a) Serves international and domestic interstate and intrastate trade:
- (b) Enhances the state's competitive position through regional and global gateways;
- (c) Carries freight tonnages of at least:

- (i) Four million gross tons annually on state highways, city streets, and county roads;
- (ii) Five million gross tons annually on railroads; or
- (iii) Two and one-half million net tons on waterways; and
- (d) Has been designated a strategic corridor by the board under RCW 47.06A.020(3). However, new alignments to, realignments of, and new links to strategic corridors that enhance freight movement may qualify, even though no tonnage data exists for facilities to be built in the future.



A transformer being loaded onto a rail car at the Port of Everett, to upgrade the power grid in the Midwest.

Keeping Freight Moving

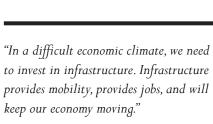
Washington's economy is highly dependent on an efficient multimodal transportation network in order to remain competitive in the world market. In 1998, the Washington State Legislature established the Freight Mobility Strategic Investment Board (FMSIB) to implement a program focused solely on freight movement.

Freight & the Economy FMSIB's Role

FMSIB Builds Infrastructure

7ith a small dedicated funding source and provision of technical assistance to project sponsors throughout the state, FMSIB is our only statewide agency with a mission of improving the flow of freight into, within, and across Washington state. FMSIB has identified a strategic network of freight corridors that link local, regional, national and international markets, by road and

by rail. This network is updated every two years. Along these corridors, which cross jurisdictional boundaries and often fall outside the scope of traditional transportation funding sources, FMSIB has provided capital funds to build infrastructure that removes impediments to the flow of freight, whether they be chokepoints, bottlenecks, or road-rail conflicts. FMSIB has a ten-year track record of improving freight mobility across the state, and minimizing the impact of freight movement in our communities. By keeping freight moving smoothly, FMSIB helps to keep Washington's economy strong, and Washington's ports competitive in a tough global marketplace.



-Brian Ziegler, FMSIB board member, Pierce County



Keeping Our Economy Strong

While freight corridors benefit the movement of freight across the entire state (and nation), decisions on investments are often made by local jurisdictions, or by ports, shippers, or railroads. FMSIB is the only statewide funding source that is dedicated to keeping all modes of freight moving, through its partnerships with all levels of government, as well as the various modes that represent freight.

Freight & the Economy FMSIB's Role

FMSIB Builds Partnerships

Partnerships Help FMSIB to Leverage its Investment Five-fold

 $F^{ ext{MSIB}}_{ ext{aries}}$ funds projects which cross jurisdictional boundaries.

FMSIB funds projects that serve multiple freight delivery modes, from highways to rail to marine.

FMSIB provides technical assistance to communities large and small, to navigate through the process of designing, funding, and implementing complex multi-phased, capital projects.

FMSIB operates on a lean budget with a small staff, yet returns funds to the state treasury each biennium.

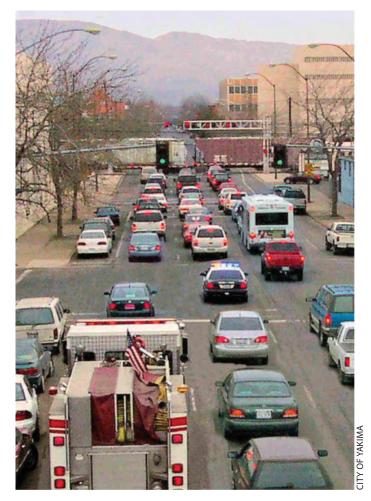
FMSIB requires projects to begin construction within twelve months of notification of funding by the legislature.

FMSIB has the flexibility within its funding program to shift money from projects that encounter unexpected delays into projects that are ready to advance. Through a nimble use of resources (and approval of OFM, and concurrence by House and Senate transportation committees), projects in the greatest state of readiness can be completed sooner.

FMSIB's volunteer board conducts a peer review and analysis of competing projects. Board members represent industry and regional interests at the highest levels, and

thus have a direct interest in seeing that projects are built on time and within budget.

FMSIB is able to leverage, on average, five dollars of non-program funds for each dollar it contributes to a capital project.



FMSIB is partnering with the City of Yakima on the contruction of a grade separation project that will help to alleviate traffic congestion in downtown Yakima, as shown in the photo at right.

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New Projects
Completed Projects
Projects in Progress

"FMSIB recognized the importance of a timely replacement of this deteriorating [Freya Street] bridge. The flexibility that allowed FMSIB to move funds to projects ready for construction like ours is very progressive. This is the type of funding flexibility other funding sources should consider emulating."

—John Mercer, Capital Programs Manager, City of Spokane Over the past ten years, FMSIB has funded 77 projects. Thirty-three (35) of those have been completed, and 42 more are in various phases of construction. Every year, several projects are completed, and every alternate year FMSIB selects new projects for funding.

The next pages describe and illustrate the status of FMSIB's projects, beginning with the most recent groundbreakings, to projects completed in the current year, and concluding with those in various stages of activity.

Breaking Ground in 2008-09

Duwamish ITS, Seattle

Project Sponsor: City of Seattle Status: groundbreaking January 2009

The Duwamish area of Seattle is a highly concentrated industrial and port freight generator. A series of small intelligent transportation system (ITS) improvements has been identified to improve freight flow between port, railroad, and industrial warehouse customers. Improvements are anticipated to facilitate freight traffic flow through the Duwamish industrial area. Two phases have been completed, and the third phase will provide the final components needed for the area. Improvements include improved driver information and reduced travel times.

Scheduled project completion: December 2009

Lincoln Avenue/Martin Luther King Boulevard Grade Separations, Yakima

Project Sponsor: City of Yakima

Status: Lincoln Avenue groundbreaking March 2009 M. L. King Boulevard groundbreaking March 2010

This project will construct two underpasses, at Lincoln Avenue and Martin Luther King Jr. Blvd., from 1st Avenue to 1st Street. The underpasses will reconstruct three lanes on each roadway under the BNSF Railway mainline. This project is critical to the movement of truck freight traffic, emergency vehicles, and the movement of vehicles into and out of the downtown area.

The reopening of Stampede Pass is increasing rail traffic through the city of Yakima. A projected 26 trains a day are planned, with a single train causing up to ten minutes of local traffic delay. The two existing at-grade crossings at the Lincoln Avenue and Martin Luther King, Jr. Boulevard one-way streets are at capacity, and emergency vehicles cannot reliably get across town if a train is blocking the roadway. An undercrossing of both streets will allow truck, car, and emergency vehicle traffic to move unimpeded, even if a train is passing through the city.

Scheduled project completion: Lincoln Avenue: June 2010 Scheduled project completion: M. L. King Blvd.: June 2011

Freya Street Bridge, Spokane

Project Sponsor: City of Spokane Status: groundbreaking January 2009

Spokane's Freya Bridge is the only north-south heavy freight corridor through the city, and has had weight restrictions imposed, due to the deteriorating condition of the bridge. The freight project will construct a new bridge across the BNSF Railway's two main lines and one branch track. The structure will replace two bridges that were built in 1929 and 1970, which are structurally and functionally obsolete. Widening both lanes and reducing the grade will improve sight lines and safety.

Scheduled project completion: December 2009

New Projects
Completed Projects
Projects in Progress

Completed in June 2008, the D Street overpass in Tacoma separates train and motor vehicle traffic, reducing delays in the movement of freight, by truck or by train. The project was constructed in two phases: phase 1 realigned the BNSF Railway mainline, and phase 2 constructed the overcrossing bridge.

Breaking Ground in 2008-09

SR 519 Westbound Ramp, Phase 2, Seattle

Project Sponsor: Port of Seattle Status: groundbreaking October 2008

Phase 1 of this project constructed an eastbound ramp from South Atlantic Street to I-5 and I-90. Phase 2 will construct the companion westbound ramp and will grade separate Royal Brougham Way and the BNSF Railway mainline tracks, improving safety. The project will improve freight movement to the Port of Seattle, railroad intermodal terminals and businesses in the Duwamish industrial area.

Scheduled Project Completion: July 2010

SR 432/433 Turn Lane Improvements, Longview

Project Sponsor: City of Longview Status: groundbreaking August 2008

Freight traffic from Oregon and the Longview port area travels through the SR432/433 intersection to get to I-5. The narrow route has been widened and the intersection improved by adding turn lanes, providing for better truck turning radii and replacing the asphalt surface with concrete to accommodate the heavy vehicles. The FMSIB freight project component was completed in one season, and has been opened to traffic. (The City will finish sidewalks and street striping in the spring of 2009).

Project Completion: November 2008



New Projects
Completed Projects
Projects in Progress

Sound walls (pictured) and a structural earth wall were installed to help soften the impact of truck movement on the local residents along Myra Road in Walla Walla.

Completed in 2008

D Street Overcrossing (phase 2), Tacoma

City of Tacoma Ribbon cutting: June 25, 2008

East D Street serves as a major corridor for rail and truck freight and for people wanting to access the revitalized Thea Foss Waterway. Phase 1 of the project realigned the railroad tracks so trains can travel around the waterway curve ten to fifteen miles per hour faster than the original alignment. Phase 2 constructed an overcrossing, providing better truck movement through the area. The \$24.5 million D Street overpass separates train and motor vehicle traffic by raising the roadway over the mainline railroad tracks. Vehicle traffic, which includes trucks carrying freight, no longer needs to wait for the trains that previously closed off D Street to traffic. The project also created a pedestrian connection between the Dome District and the Thea Foss Waterway esplanade and parks.

Myra Rd. Extension, Walla Walla/College Place

Walla Walla County, City of Walla Walla, and City of College Place partnership

Ribbon cutting: June 25, 2008

Extending Myra Road to intersect with SR 12 provides a key link to SR 125. Previously, freight traffic had to go through commercial and residential streets in the city of Walla Walla, where seven percent of traffic on the existing route is heavy trucks. This project improves safety in downtown Walla Walla while providing truckers with a faster bypass route. To help soften the impact of truck movement on the local residents along Myra Road, sound walls and a structural earth wall were installed. The new route will tie in directly to the US 12 widening project, scheduled to open in 2009.

Port of Vancouver Rail Access (phase 1), Vancouver

Port of Vancouver Completion: June 2008

The two main goals for this project are to lengthen the on-dock rail line, providing the capacity to allow fully loaded unit trains to leave the mainline and be held on the port property, and to re-align the mainline connection near the entrance to the Port of Vancouver, the north-south mainline and the Columbia River rail line. The project is being built in phases; the completed phase has realigned tracks to provide improved access to the port.

The West Vancouver freight access project will allow more 100-car unit trains to enter and exit the port, and will allow for port expansion. Mainline rail capacity and velocity will be achieved through completion of the project. Future phases will complete the link to the BNSF Railway's mainline.

SR 432/433Turn Lane, Longview

City of Longview Completion: November 2008

(See page 9 for description.)



DENNIS SEL

New Projects
Completed Projects
Projects in Progress

"The West Vancouver freight access rail project is one of those projects whose final benefit is much greater than the sum of its parts."

— Larry Paulson, Executive Director, Port of Vancouver

Projects in Progress

East Marginal Way Grade Separation, Seattle Port of Seattle

A north, east, and southbound grade separation on Duwamish Avenue South will remove at-grade conflicts with existing rail tracks. The project will improve access at port terminals, Union Pacific and BNSF Railway yards, local manufacturers, and distribution warehouses. Regional benefits include reduced congestion, more efficient intermodal transfers, and a positive impact on air quality.

Progress: Waterline and column relocation is underway. In early 2009 Seattle City Light will move a power line, the port will construct the grade separation, and the UP tracks will be realigned for better access to the Argo Intermodal yard.

Scheduled Project Completion: December 2010

East Marginal Way Truck Access, Seattle FMSIB

A safer truck route between the Port of Seattle terminals and the Union Pacific Argo Intermodal terminal will be constructed from the new East Marginal Way surface street alignment and the railroad entry gates. The new route will eliminate a dangerous weave across three lanes of fast moving traffic that trucks coming from the Alaskan Way Viaduct must maneuver to get to the railroad main gates.

Progress: The new alignment has been designed to coordinate with the East Marginal Way project. A right-of-way agreement between the UP railroad, AMB Warehouse and the City of Seattle is being negotiated, so that the alignment needed for truck movements can be secured. Construction can begin quickly after the right-of-way has been secured.

Scheduled Project Completion: One construction season after ROW secured.

Lincoln Avenue Grade Separation, Tacoma

Port of Tacoma

This project will reduce barriers and increase freight mobility by removing the at-grade crossing at Lincoln Avenue. The overpass construction will allow the assembly of long trains without blocking the grade crossings. It will also relieve traffic congestion on a principal arterial.

Recent Progress: The project is being constructed in phases, with the first of the surface street improvements and bridge approaches currently in construction. The bridge is scheduled to begin construction in the summer of 2009, and the grade separation is expected to be open to traffic in June 2010.

Scheduled Project Completion: June 2010

Shaw Road Extension, Puyallup

City of Puyallup

The Shaw Road extension provides a grade separation bridge over the BNSF Railway track through a new roadway alignment extending Shaw Road to East Main Avenue, with direct access to SR 410. The new road will be a 5-lane section with new signal and intersection improvements. Groundbreaking took place in September 2007.

Progress: The project is being constructed in phases, with demolition, ground stabilization, elevated bridge approaches and utility work completed in May 2008. Intersection and signal improvements, bridge construction, roadway, curbs, street lights, and guardrails are scheduled to be finished by March 2009, completing the FMSIB portion of the project. The final phase over the Meeker Southern Railroad spur is scheduled for completion by summer 2010.

Scheduled Project Completion: March 2009

New Projects
Completed Projects
Projects in Progress

Havana Street will be raised over the BNSF Railway mainline in Spokane, allowing freight rail to pass smoothly below the bridge, and freight-carrying trucks to be unimpeded by up to 100 daily trains passing below.

Projects in Progress

East Marine View Drive, Everett City of Everett

Marine View Drive is the principal arterial corridor that follows the city's Snohomish River waterfront and provides vital north-south truck access to the Port of Everett. The project involves widening the drive to 3 or 4 lanes, with strategically placed turn pockets from SR 529 to Summit Avenue. The project is designed to meet increased freight traffic demand on East Marine View Drive, and will relieve traffic congestion in downtown Everett.

Recent progress: Construction began in July 2007, and is ongoing.

Scheduled Project Completion: October 2009.

70th Avenue/Valley Avenue Widening City of Fife

Project improvements include widening 1.2 miles of 70th Avenue E. from two lanes to five lanes between 20th St. East and the UP tracks, and widening approximately one mile of Valley Avenue E. from two lanes to four lanes between 70th Ave. E. and Freeman Road. Intersection improvements are also included.

Recent Progress: Coordination with the WSDOT SR 167 team to integrate the Valley Avenue improvements with the proposed SR 167 design continues as final design work is progressing. Right-of-way acquisition and preliminary project mitigation have been completed. This project is being constructed in phases. Construction on the Valley Avenue phase began in October 2008. 70th Avenue East construction is planned to start in spring 2010.

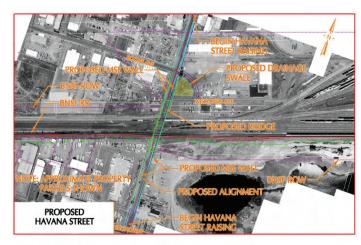
Scheduled Project Completion: Valley Avenue: summer 2009. 70th Avenue East: fall 2010.

Havana Street, Spokane City of Spokane

Havana Street is a principal north-south corridor that passes through the Spokane industrial area. The project will construct a grade separation of the roadway and the mainline BNSF Railway tracks, where 60 to 100 trains a day cross. Currently, the roadway is blocked 18 hours a day by rail operations. By building an unimpeded road over the tracks, use of Havana Street is anticipated to increase from 1,190 vehicles to 19,500 average daily vehicles trips.

Recent Progress: Design is complete, and all but three right-of-way purchases have been resolved. The City expects to have all right-of-way secured in early 2009. By advancing funds early for this project, the sponsor has been able to accelerate the project ahead of the previous schedule. The project will begin construction in June 2009.

Scheduled Project Completion: summer 2010.



Cities

Counties

Maritime

Ports

Railroads

Trucking

"Everyone involved in the shipment of goods has a seat at our table. That gives us an independent outlook, an opportunity for independent review of projects, and enhances the credibility of the projects we select for funding."

—Dave Gossett, FMSIB Board member, Snohomish County Cities, counties, the maritime industry, ports, railroads, and trucking are FMSIB's partners in helping to keep Washington's freight moving. Each partner brings an expertise and a point of view to the FMSIB table. Open and equal discussion ensures that the best interests of all carriers and recipients of freight, as well as the communities through which goods pass, are considered and given proper weight in the selection and prioritization of projects.

Cities and Counties

Local governments across the state rely on FMSIB's funding, expertise, and partnership in order to get projects built. FMSIB's involvement in local infrastructure projects contributes to an improved economy in those communities.

Cities and counties are encountering similar issues when it comes to freight: fewer available funding sources, and a backlog of needed infrastructure projects. Local governments must also be concerned with the quality of life in their communities, and in mitigating the impacts of infrastructure projects.

Transportation projects often cross jurisdictional lines, and may involve negotiations with private or quasi-governmental bodies, such as railroads and ports. FMSIB provides technical assistance to local governments, and expertise in negotiations.

FMSIB works closely with the Transportation Improvement Board in coordinating efforts on joint projects.

The Country Road Administration Board is another major partner where coordinated efforts on projects as well as identification of county freight and goods needs are gathered to create a comprehensive map of overall state freight requirements. CRAB manages the FMSIB website through an interagency agreement.

The agency staff works directly with project sponsors and partners assisting in project development, brokering

agreements, quarterly reporting, partner funding arrangements, accountability and cash flow requirements. The staff also provides information and counsel to local governments who either have a project that is part of the FMSIB list or prospective partners who wish to be considered. That guidance effort saves money and time for all parties and provides coherence and consistency in the development of freight corridors.

Maritime

Steamship Operators and Shippers

Steamship operators and shippers are constantly looking at alternative routes for moving discretionary cargo. Some shippers and carriers have begun diverting cargo that previously moved through Puget Sound ports to the newly opened Port of Prince Rupert, Canada, and to other West Coast ports as far south as Mexico. The Panama Canal is being expanded to handle larger vessels, making the all-water option to East Coast ports more attractive. The national governments of Canada, Mexico and Panama are heavily subsidizing these port developments.

Currently, the largest container ship calling in Washington carries about 7,500 TEUs (twenty-foot equivalent units), but the next generation of ships will carry 12,000 TEU containers. The ports of Seattle and Tacoma have shown a combined decline in import volumes of 11.4% in 2008, while exports have increased by 3.6%.

Cities

Counties

Maritime

Ports

Railroads

Trucking

"FMSIB provides a clear path from identification of need to project implementation."

-Jim Toomey, FMSIB board member, Pasco

Ports

Port of Seattle

In 2009 the Port of Seattle will complete the \$121.5 million Terminal 30/91 project, which will relocate the cruise facility to Pier 91 in the north harbor, and return Terminal 30 to use as a container facility. In mid-2009 China Shipping will expand its service to Seattle and begin calling at Terminal 30. Cruise ships will begin calling at Pier 91 in spring 2009.

The Terminal 30/91 project makes the best use of portowned property for the purpose of remaining competitive, creating jobs and bringing economic activity to our region.

The Port also is working to use its environmental advantages to enhance its competitiveness. For example, because the air in the Seattle area is significantly cleaner than it is in many other port regions, the port and its customers do not face costly legal mandates to reduce air emissions. But the Port recognizes that it operates only with the support of the public. That's why the Port is working with its customers, regulatory agencies and ports in Tacoma and Vancouver, BC, to implement rigorous, voluntary efforts to reduce maritime related air emissions.

The record of success is impressive. The companies that operate the Port of Seattle's terminal have switched to biodiesel, low sulfur diesel, or a blend in all of their container handling equipment. And Seattle is still the only port in the world with two cruise ship berths that allow vessels to plug into shore power and turn off their engines while docked. Vessels that use the Port's third cruise ship berth burn low sulfur fuel. One of the Port's container carriers – APL – uses clean fuels in its auxiliary engines while at dock in Seattle. Programs to reduce truck emissions and container ship exhaust will be launched in 2009.

Port of Tacoma

The Port of Tacoma has begun the process to redevelop the Blair-Hylebos peninsula. The Port is redeveloping this portion of the Tacoma tideflats to increase cargo capacity, create jobs, clean up historic industrial contamination, and better serve the community, customers and the Puget Sound economy for generations to come. Projects include:

- Relocating the Totem Ocean Trailer Express (TOTE) terminal to make way for a new marine terminal;
- Building a new terminal for NYK Line, a new port customer;
- Improving road and rail connections along the peninsula;
- Expanding a Washington United Terminals berth.

Benefits of the new \$300 million terminal will include new business, 3,200 more jobs and the foundation for future growth.

The Port is already seeing the benefits of reduced conflicts and faster moving freight trains with the completion of the FMSIB-funded D Street overpass, and is continuing to work as a partner with FMSIB on the Lincoln Avenue grade separation project.

Port of Everett

B ased on the dramatic cargo traffic increase over the past two years, the Port of Everett is emerging as a strategic, multi-purpose general cargo location in the region. The port continues to benefit greatly from previous FMSIB investment in the California Street overcrossing, which provides an unimpeded link from the port's marine terminal facilities to area roads and highways.

The port's vision for future development of the its deepwater marine terminals over the next 5-10 years, includes expansion of facilities to accommodate Panamax-size vessels and a new on-dock rail spur.

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Groundbreaking for the SR 519 westbound ramp. FMSIB, and its project partners, will improve freight movement to the Port of Seattle, railroad intermodal terminals, and businesses in the Duwamish industrial warehouse area. The Port of Everett also places strong emphasis on its role as an environmental steward. Regional growth and greater environmental awareness highlight the need for a robust and adaptable environmental management program, one that is linked to sustainability. The port's keen interest in green technology is demonstrated through the retrofit of older diesel vehicles, the purchase of alternative fuel vehicles, and the acquisition of state-of-the-art low emission yard equipment.

Port of Vancouver

The Port of Vancouver's West Vancouver freight access rail project, which began construction in January, will allow many of the existing companies located at the port to expand, and will attract new businesses and jobs. The number of rail cars transporting freight through the port increased 32 percent in 2007 to 57,500. That number is projected to grow to 160,000 rail cars annually by 2025.

Once completed, the new rail line will make it possible for unit trains of up to 110 rail cars (over a mile in length) to enter the port intact. Because 70 percent of its cargo is transported by rail, the port's success depends on continuing service from the major national rail lines.

The project also creates a new rail access into the port that bypasses a chokepoint at the current entry for port trains. Finally, it will clear the way for development of Vancouver's urban waterfront west of the I-5 bridge.

Terminal 5, the port's new 210-acre property, is on a deepwater channel, and will have access to two rail lines.

The wind energy industry generated big business for the Port of Vancouver in 2007. The supersized wind turbines and towers crossed local docks in record numbers and also created many new jobs.

Port of Walla Walla

The Port of Walla Walla leads the economic development efforts in southeastern Washington. The port is aggressively creating initiatives that will attract businesses to the area.

Walla Walla's stateline wind project is the largest in the Pacific Northwest, using 396 turbines to generate 260 MW of energy per year. It is an example of a commitment to innovation and to the environment.

The US 12 widening project, constructed in eight phases over five years, at a cost of \$120 million, is an example of a port initiative. The wider highway will increase highway capacity for freight and general purpose traffic, as well as improve safety along this principal regional highway. A related FMSIB-sponsored project, the extension of Myra Road, will provide a direct link to the widened US 12, and a time savings for freight traffic moving through Walla Walla.



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The mainline railroads are private companies that make infrastructure investments on a systemwide basis, in order to maximize the return on their investment. A potential rail investment in Washington State competes with many others across the country. Washington must foster an environment that attracts additional investment in rail routes that benefit our state's economy. To create a more balanced two-way flow of containers, returning empty containers are diverted from inland U. S. to California ports, reducing available capacity in Washington for low-cost exports destined for Asia.

Union Pacific Corporation

In 2007, Union Pacific achieved solid financial results and a record operating ratio by operating its freight rail network more efficiently and safely, all despite a one percent decline in volume caused by the weakening economy.

However, the diversity of the UP franchise allowed the company to largely offset soft demand. Economic impacts were greatest in the industrial products (lumber, steel, wind turbine blades), and automotive businesses. The intermodal and energy groups posted record volumes for the year. UP's chemicals business posted the largest growth, up four percent, while agricultural business saw near-record wheat shipments.

Also in 2007, UP enjoyed the first full-year run of its unit train fresh produce service from Wallula, Washington, serving major consuming markets on the Eastern seaboard.



Hauling a train load of grain to waiting elevators and ships on the Columbia River and the Puget Sound helps "East meet West" in Washington. Grain production and rail transportation to export centers form an underpinning of the state's economy.

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Combined customer and UP investments totaled \$65 million. Benefits included premium rail service for producers and 70 new jobs to the Wallula area.

UP's system velocity increased two percent from the previous year, providing faster delivery for customers while helping decrease trains' carbon footprint.

Freight rail is the most fuel efficient and environmentally friendly mode of ground freight transportation. Union Pacific is becoming even "greener." Improvements in locomotive technology, train-handling education, and employee involvement enabled the company to save more than 21 million gallons of diesel fuel in 2007.

UP is also aggressively working to reduce emissions by investing in its locomotives, which now form the nation's cleanest fleet. UP is pioneering locomotive technology that reduces emissions by 80 percent, with a 16 percent fuel use reduction. Union Pacific looks forward to continuing efficiency improvements, network reliability and environmental efforts to better serve customers and communities.

BNSF Railway

Record high grain shipments from the Midwest and Eastern Washington and a slower but sustaining flow of containerized cargo helped BNSF Railway and a Washington economy withstand spiking fuel costs and a national economic downturn in 2008. BNSF moved about 250,000 rail car loads of wheat, corn, soybeans and other agricultural crops to elevators and waiting grain tankers on the Columbia River and Puget Sound, buoying rail shipping in an otherwise faltering market.

BNSF's own investments in its system in Washington were induced, in part, through public-private partnerships with state and local governments and agencies, including FM-SIB. The company installed new main line track in Stanwood. Work continued on the Vancouver bypass project, and the Port of Vancouver improved rail access project.

East of the Cascades, BNSF worked with city and county officials in Spokane on the design and use of the new Geiger Spur, and with Benton County officials on planned grade separations in Kiona. BNSF also continued its work with FMSIB and local governments in Seattle, Kent and Auburn on freight mobility projects designed to mitigate the impacts of long trains blocking city street crossings.

BNSF is the leading carrier of container shipments to and from Puget Sound ports and the largest transporter of grain along the Northern Tier of the U.S. to ports on Puget Sound and the Columbia River. Washington's economic position as one of the top exporting states with the highest per capita income from international trade is largely dependent upon its port system and upon its rail links to markets throughout the U.S.

The BNSF operates over 1,500 miles of track and employs nearly 3,500 people in Washington.

BNSF pulls, pushes or switches more than 20,000 rail cars in Washington every 24 hours. Steel wheels on steel rails remains the most efficient mode of long-distance cargo transport over land. A modern train can haul, on average, one ton of freight 430 miles on a single gallon of fuel.



Union Pacific has received the Energy Innovators Award from the U.S. Department of Energy for making energy efficiency a priority.

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Trucking

The trucking industry's most current statistics (2005) reported that there were 8,083 trucking companies in Washington state, which transported about 70% of freight that moves by surface transportation.

The industry is experiencing increased demands and a shortage of qualified drivers. Traffic congestion in metropolitan areas, and federally imposed size restrictions, as well as other weight restrictions create additional inefficiencies. In 2005, trucks transported almost 90% of manufactured goods in the state, accounting for 1 in 14 jobs. The trucking industry pays 35.1% of all taxes and fees paid by Washington motorists, although trucks represent only 9.5% of vehicle miles traveled in the state.

New large distribution centers will change some traffic flows and may necessitate additional satellite truck dispatch centers to accommodate volumes. In addition, traffic congestion is requiring the industry to open additional terminals outside of the Puget Sound area; some companies that make daily deliveries in King County have relocated as far away as Yakima. High land costs force terminals farther away from population centers.

Fuel prices also impacted the trucking industry in 2008. Fuel costs, traditionally 8% to 15% of total trucking costs, rose to as high as 25% of costs. Future rises in fuel costs may impact modal choice, warehousing and distribution, and shipper decisions on timing of delivery.

Environmental improvements in long-haul trucks continue as technology brings newer and cleaner vehicles on the road. A truck purchased today is 64 times cleaner, in terms of emissions, than a 1989 model.



A truck purchased today, such as this one on I-90 near Issaquah, is 64 times cleaner, in terms of emissions, than a 1989 model.

Green Giants

Earlier this year, the BNSF Railway purchased four wide-span electric gantry cranes for its north yard at the Seattle International Gateway. Part of a \$50 million investment, the cranes have doubled the rate at which containers can be transferred between trucks and trains. BNSF is the first railroad in North America to install these cranes, which not only produce zero emissions on site, but allow more flexibility, increase capacity and reduce the need for diesel trucks to move containers within the facility. This system efficiency is a great benefit to the Port of Seattle, whose seaport has little room for physical expansion.



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Agency Activities

FMSIB
State Legislature
Governor

The Freight Mobility Strategic Investment Board provides high visibility for a relatively low investment. The small dedicated funding stream of \$6 million a year that was approved in 2005, while short of the needs to address freight chokepoints, has been able to bring predictability to project advancement. The 35 projects completed and 42 projects underway, as well as our known commitment to improving freight mobility, are essential to changing the freight mobility funding picture. The state and its regions have much work ahead in order to reach satisfactory freight mobility objectives. Funding of freight mobility projects will play a key role in maintaining and enhancing our state's global competitiveness and providing jobs and economic opportunities in the face of growing domestic and international competition.

FMSIB

A High Performing, Low-Cost Agency

The Board has developed a capital project construc-L tion plan that maximizes the state's investment, while moving projects forward on a methodical corridor approach that will continue to improve our freight and trade corridors. The Board will continue to advance projects as quickly as possible to eliminate freight chokepoints and at-grade crossings within the funding provided. However, the Board believes that a sustained program requires additional dedicated funding to address emerging needs and to be able to respond more quickly to the pressures created by the growing volumes of imports in our state. The Board has demonstrated a commitment to delivering projects on time and as planned by removing projects that are not advancing. It has also demonstrated nimbleness in reprogramming funds to accommodate changing project delivery schedules.

In keeping with the Board's philosophy of maintaining low operational costs, the Board has not increased its staff in a decade. When necessary, we have contracted for additional services needed. The time has now come when either additional funding will be needed for further contracting or to fund a third full-time staff person

to carry out the agency's mission. The agency has one director and one confidential secretary position. Other needed services are purchased through an interagency agreement, or from the private sector, whichever is more cost effective.

FMSIB has worked this year with U. S. Rep. Adam Smith's and U. S. Senator Patty Murray's staffs on federal freight priorities as they focus on freight projects. Senator Murray's office verified some data for one of our projects they wanted to support. Rep. Smith has introduced a bill suggesting a funding source dedicated to freight; FMSIB has provided comments. FMSIB also participated in the development of a national white paper on freight priorities, which may be considered in the next re-authorization of the federal surface transportation bill. Following up FMSIB's visit to Washington, D.C., our state's congressional delegation showed positive support for freight mobility by including many FMSIB projects on their funding priority lists.

FMSIB works with communities to help identify projects, from initial identification of routes, to direct involvement in guiding decisions to actually solve freight mobility issues. FMSIB, the City of Everett, the City of Marysville and the Port of Everett collaborated in 2008 on the identification of future freight routes, and chokepoints to be removed. Two FMSIB board members were advisers on the project, lending hands-on expertise to decisions on the locations and effectiveness of proposed priority freight projects.

—Dave Edler, FMSIB board member, Mayor, City of Yakima

[&]quot;Freight, and every jurisdiction that intersects with freight, is truly represented by FMSIB."

Agency Activities

State Legislature

Office of the Governor

FMSIB
State Legislature
Governor

A fter failing to pass a bill to assess fees on containers coming into Puget Sound ports in its 2007 session, the state legislature is continuing to look for new ways to fund freight transportation projects that are crucial to the state's economy.

A study commissioned by the Joint Transportation Committee is looking at potential user fees on beneficiaries of freight mobility projects: shippers, truckers, ports and railroads.

New taxes and fees could raise close to \$200 million in new revenues. Some of the taxes and user fee options that are recommended in the draft study include:

- A 1% motor vehicle excise tax on trucks (\$115 million per year).
- A \$30 fee on each container coming into the ports of Seattle and Tacoma (\$43 million per year).
- A \$0.20 per ton fee on bulk cargo (\$2.5 million per year).
- A \$1 fee for every rail car that moves along the Everett-Spokane line (\$1.1 million a year).
- Federal fees, including a surcharge on customs duties and a waybill fee.

Since taking office, Governor Chris Gregoire has met with and hosted many heads of state, and led trade missions to ten countries. Governor Gregoire's trade missions are integral to her strategies to encourage business development and growth, and to make crucial investments in the state's infrastructure. Moving goods and products to markets in a timely fashion must be supported by a strong freight mobility network.



Governor Chris Gregoire, Port of Everett Commissioner Phil Bannan, and (former) Port of Everett Commissioner Don Hopkins break ground for a new terminal at the port.

Table 1: **Active Projects**

Active Projects

Completed Projects

Rank	Agency	Region	Project Name	Current Cost (\$ millions)	FMSIB Share (\$ millions)
1	WSDOT	PS-F	SR 519 intermodal access project (phase 2)	84.35	all sources
2	WSDOT	PS	SR 509 south access completion (phase 1)	1,337.00	50.00
3	Port of Seattle	PS-F	East Marginal Way ramps	34.51	7.92
5	WSDOT	PS-F	SR 167, I- 5 to SR 509 to Port of Tacoma	2,160.00	12.20
7	WSDOT	GN	I-90 snowshed	195.98	45.60
10	Port of Tacoma	PS-F	Lincoln Avenue grade separation (phase 1)	58.50	10.20
13	Seattle	PS-F	South Spokane St. viaduct	159.58	25.00
15	Puyallup	PS-F	Shaw Road extension	23.50	6.00
20	Pierce County	PS-F	North Canyon Rd. extension/BNSF overcrossing	25.00	2.00
29	Everett	PS-F	E. Marine View Drive widening	12.31	0.60
32	WSDOT	EW	SR 28, SR 2 / 97 to 9th Street	230.00	17.26
35	Kent	PS-F	S 228th Street grade separation (phases 2 & 3)	55.90	8.50
36	Yakima	EW	City of Yakima grade separated rail crossing	42.08	7.00
37	Seattle	PS-F	Duwamish intelligent transportation systems (пs)	8.55	2.56
39	Seattle	PS-F	Lander Street overcrossing	152.00	8.40
43	WSDOT	GN	I-90 Hyak to Easton truck improvements	248.42	30.70
Α	Spokane Co	EW	Park Road BNSF grade separation project	16.52	5.00
Е	Richland	EW	SR 240 & SR 224 interchange & grade crossing	9.30	4.50
F	DOT-Moses Lake	EW	SR 17 Pioneer Way to Stratford Rd mobility proj.	21.00	4.20
G	DOT-Spokane	EW	I-90 Sullivan Rd to Harvard Rd	60.00	9.60
44	Spokane	EW	Havana St / BNSF separation project	19.80	4.00

Forty-two FMSIB funded projects are in various phases of construction, and the Board will authorize at least five more projects to begin construction in 2009-11.

Table 1: Active Projects (cont'd)

Active Projects
Completed Projects

Rank	Agency	Region	Project Name	Current Cost (\$ millions)	FMSIB Share (\$ millions)
47	Renton	PS	Strander Blvd / SW 27th St. connection (phase 1)	54.70	4.00
48	Spokane Co	EW	Bigelow Gulch Rd-urban boundary to Argonne Rd	56.42	2.00
49	Auburn	PS	M St. SE grade separation project	26.23	6.00
51	Seattle	PS	Duwamish truck mobility improvement project	7.18	2.80
52	Fife	PS-F	70th and Valley Avenue widening	34.50	2.00
53	Pierce Co	PS	Canyon Road northerly extension	36.50	3.00
54	Snohomish Co	PS	Granite Falls alternate route	32.56	3.20
55	Everett	PS	East Everett Avenue crossing	16.52	2.50
57	Woodinville	PS	SR 202 corridor improvement (phase 2)	6.50	1.75
58	FMSIB	PS	East Marginal Way truck crossover	1.30	0.99
59	Kent	PS	S. 212th Street grade separation	83.17	10.00
60	Kent	PS-F	Willis Street grade separation	41.10	4.00
61	Port of Seattle	PS	SR 518 at Airport Drive eastbound lane addition	35.60	5.00
62	Port of Walla Walla	EW	U.S. 12/SR 124 interchange	26.80	7.50
64	Fife	PS	Port of Tacoma Rd. truck slip ramp	9.00	3.00
65	Spokane	EW	Freya Avenue bridge	12.85	2.72
66	Port of Vancouver	WW	Port rail access	67.44	10.00
67	FMSIB	PS	Green River Valley BNSF/UP industrial track	30.00	8.00
68	Lacey	WW	Hogum Bay Rd. slip ramp & road improvements	12.00	4.00
69	Fife	WW	70th Ave grade separation	17.50	TBD
71	Walla Walla	EW	Myra Road at Dalles Military Road intersection	3.80	50.00
			TOTALS	5,481.62	393.70

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Table 2: Completed Projects

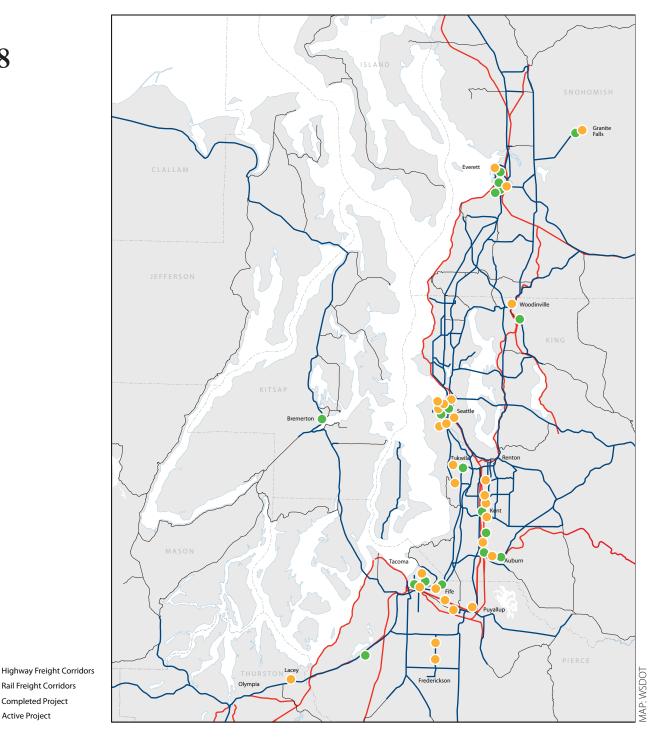
Active Projects

Completed Projects

Project Name No. Agency Region SR 519 intermodal access project (phase 1) 1 **WSDOT** PS-F Port of Longview alternate rail corridor 6 Port of Longview WW 8 Allen Street bridge replacement Kelso WW9 Port of Everett California St. overcrossing/ Port of Everett PS-F PS-F 41st St. railway overcrossing/ Riverfront Parkway 11 Everett Valley Mall Boulevard extension 12 Union Gap EW 14 Auburn PS-F South 277th St. (BNSF & UP) 16 Prosser FW Wine Country Road 17 ΕW SR 397/Ainsworth grade separation Pasco 18 Tacoma PS-F D Street, grade separation 18 Tacoma PS-F D Street, rail realignment 19 Auburn PS-F 3rd St. SW/BNSF 21 Kennewick EW Columbia Center Blvd. railroad crossing 8th St. East / BNSF mainline grade separation 22 Pierce County PS-F Tukwila S. 180th St. grade separation 23 PS-F 24 Colville ΕW Colville alternate truck route 25 Walla Walla ΕW SR 125/SR 12 interconnect (Myra Road extension) Port of Kalama industrial park bridge 28 Port of Kalama WW 29 PS-F E. Marine View Drive widening (phase) **Everett** SR 18 Weyerhauser Way to SR 167 truck lane 30 **WSDOT** PS S 228th Street grade separations (phase 1) 35 PS Kent PS Duwamish intelligent transportation system (ITS) (phases 1 and 2) 37 Seattle 40 Walla Walla ΕW US 12/124 to SR 730 41 Port of Kalama WWGrain terminal track improvements US 395 Hillsboro St interchange 42 EW Pasco Pierce County Cross-Base Highway (phase 1) 45 PS В Bremerton WW SR 304 transportation improvement CSR 9 – SR 546/Nooksack Road vicinity to SR 547/Cherry S. WSDOT – Sumas WW Н SR432/3rd Avenue off-ramp Longview WW Snohomish Co PS 54 Granite Falls alternate route, ROW 56 Fife PS Pacific Highway E./Port of Tacoma Road Woodinville Pς SR 202 corridor improvement – SR 522 to 127th Place NE (phase 1) 57 63 PS Everett I-5/41st Street overpass improvements Port of Vancouver 66 WW Port rail access (phase 1) 70 WW SR 432/SR 433 turn lane improvements Longview

As of December 2008, FMSIB has completed 35 projects valued at more than \$284.04 million. FMSIB's share of this is \$62.98 million.

Puget Sound Strategic Freight Corridors, 2008



Rail Freight Corridors Completed Project Active Project



















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